

## **REMARKS**

Claims 1-38 are pending in this application. Claims 1-38 are rejected.

Claim 39 is new. Claims 1, 5, 9, 20, 24, and 35 have been amended. No new matter has been added. The amendments to these claims are fully supported by the specification.

### **I. Response to the Obviousness Rejection**

Applicant notes that the Examiner's only basis for rejecting the present application in the current Office Action is under 35 U.S.C. § 103(a). More specifically, claims 1-38 are rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,893,071 to Cooperstein ("Cooperstein") in view of the Examiner's Official Notice.

In his rejection, the Examiner alleges that Cooperstein discloses a system for administering a payout option of an individual annuity contract, which permits the contract owner to request and withdraw from the annuity during a payout phase. See Final Office Action, March 13, 2009, pages 2-3. The Examiner further alleges that "Cooperstein discusses a system and method which could be obviously structured by one of ordinary skill in the art to implement the teachings as disclosed within the instant application." *Id.*

Applicant respectfully traverses the Examiner's obviousness rejection. Applicant contends that Cooperstein combined with the Examiner's Official Notice does not teach or suggest claims 1-38 for at least the following reasons.

First off, independent claims 1, 5, 9, 20, 24, and 35 have been amended, thereby rendering the obviousness rejection moot. These claims are distinguishable over Cooperstein, in part, due to the value attributed to the annuity contract. In Cooperstein, Figure 6 provides a series of steps to calculate the account balance. This calculation is the deposit amount in the account as adjusted by such numbers as the interest rate. Figure 11 in Cooperstein also illustrates that the value of the annuity under Cooperstein is essentially equivalent to the deposit amount. In accordance with Cooperstein then, the remaining payments after withdrawal are calculated from this deposit amount, and as such, the value of the annuity account in Cooperstein (the withdrawal value) is calculated just as one would calculate the value of a bank account.

In contrast, the claims recite that the value of the remaining payments after withdrawal is equal to the present value of the stream of future annuity payments. For instance,

under this procedure, the calculation of the value of the annuity is the total of future payments under the annuity contract in view of inflation. The distinction between Cooperstein and the present claims is significant because each method of valuation changes the determination of how much can be withdrawn. Moreover, once in the payout phase, the obligation of the insurance company changes. It is not simply a bank account paying out principal and interest.

Additionally, in accordance with the presently recited claims, the system allows a contract holder to surrender the annuity contract to obtain the principal (the value of the account) in its entirety, in contrast to what is permitted under Cooperstein. According to Figures 7A-C and column 10, line 10 to column 11, line 40 in Cooperstein, the withdrawal scheme in Cooperstein protects some predetermined base amount of investment. That is, a contract holder cannot obtain a complete withdrawal, i.e, a surrender of the contract, during the payout phase. In step 166 of Figure 7A, Cooperstein teaches that a system check to determine whether the annuity contract withdrawal value requested is greater than or equal to a minimum amount. If this threshold amount is not met, the system issues a withdrawal rejection letter and prevents withdrawal.

Cooperstein does not teach or suggest a complete surrender of the annuity. The Examiner attempts to support his contention using: 1) Figure 11; 2) an embodiment "involving an immediate annuity" in which "the payout schedule is defined as beginning within thirteen months of the start date of the life period;" and 3) an embodiment of a "deferred annuity" having a payout schedule in which "a contract holder may withdraw from the annuity contract on a specific date prior to expiration of the life period." None of these examples, however, discloses a surrender of an annuity. In fact, an actual payout of the surrender may include a deduction of fees that may exist under the contract.

For the foregoing reasons, independent claims 1, 5, 9, 20, 24, and 35 are distinguishable over Cooperstein, and should overcome the Examiner's obviousness rejection. As these independent claims are patentable, so too are the claims dependent thereon.

## **II. Arguments regarding Examiner's Notice**

Applicant respectfully traverses the Examiner's contention that "the common knowledge or well-known features in the art that have been Official Noticed in the prior Office Action are hereby taken to be admitted prior art." See Final Office Action, March 13, 2009, page 15.

Specifically, in the Office Action of June 2008, the Examiner alleges that "it would have been obvious to one of ordinary skill in the art to modify the system and method Cooperstein for annuity valuation to include features as shown in the instant application." Applicant contends that a proper traversal has been presented previously pursuant to 37 C.F.R. § 1.111(b) and M.P.E.P. § 2144.03. To show why the noticed fact is not considered common knowledge or well-known in the art, Applicant previously argued, in part, that "simply because a computer is utilized, it is not necessary that the computer can and would perform the intended use." See Applicant Response of December 2008.

To preserve and reiterate the Applicant's traversal, Applicant maintains traversal of the Official Notice as to why the noticed fact is not considered to be common knowledge or well-known in the art. Automated tools related to annuities monitoring are not necessarily equivalent to the annuities themselves. The present application claims the actual annuity, i.e., the financial instrument, which includes investor rules, for example. Cooperstein, on the other hand, discloses a tool, which is expected to automate aspects of the annuity contract. Furthermore, Applicant contends that Cooperstein automated aspects of the annuity contract that was already in the prior art. It is illogical to assume that Cooperstein discloses an intended use for payout phase surrender, when the payout phase surrender had not been introduced prior to this application. Moreover, Applicant notes that there is no disclosure in Cooperstein of the functionality, or programming, related to such an intended use. For these reasons, the noticed fact cannot be common knowledge or well-known in the art.

In the Examiner's most recent Office Action, the Examiner contends that "it is notoriously old and well-known in the art that annuity contracts configure provisions which include surrender options which indicate when a contract may be surrendered." This contention appears to be a second, newly asserted Official Notice asserted by the Examiner. Applicant respectfully traverses the Examiner's Notice for the record. Surrender during the payout phase is a unique feature of the presently claimed invention. As stated in the background section of the present application, as part of the inventor's complete disclosure, "life annuity payout options offered with prior art individual annuity contracts do not allow the annuitant to withdraw principal after payout has commenced." As such, Applicant has identified evidence of why the suggested Official notice comments be taken in this context. Accordingly, it is difficult to believe that surrender, as claimed in the present invention, would be common knowledge or

well-known in the art, if the inventor of the present invention, who is skilled in the art, is not aware of it. Thus, Applicant requests the Examiner, pursuant to M.P.E.P. 2144.03, to provide documentary rebuttal evidence, other than the Examiner's general opinion that it was notoriously well known, in the next Office Action if the rejection is to be maintained.

### **III. Conclusion**

In light of the foregoing amendments and remarks, Applicant respectfully requests the entrance of the amendments and the removal of the rejections, and respectfully solicits a Notice of Allowance.

Applicant invites the Examiner to contact Applicants' representative, designated below, should any further elaboration be required or if the Examiner has any suggestions to further expedite allowance and issuance of this case.

Respectfully submitted,

8/13/05  
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Date

  
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